Edible oil refineries

*495. DR. M.N. DAS:†
DR. T. SUBBARAMI REDDY:

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the foreign companies are keen in setting up of refineries and trading partnership in edible oils;

(b) if so, whether the Ministry of Agriculture has strongly objected to this proposal;

(c) if so, the objections raised by that Ministry;

(d) whether the Department of Commerce has given green signal and has asked the foreign capital for the edible oil projects; and

(e) if so, the foreign investments approved so far?

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI V. SREENIVASA PRASAD): (a) to (e) A Statement is laid on the Table of the House.

Statement

(a) to (e) The Ministry of Agriculture and Cooperation is of the view that imports are not likely to be in the interest of oilseeds growers in the country.

2. Considering the overall concerns of the economy Foreign Direct Investment (FDI) is encouraged in various sectors including vegetable oils. As per the available information, foreign investments for the proposals approved in the vegetable oils sector till December, 2002 were about Rs. 224 crores (approximately).

DR. M.N. DAS: Mr. Chairman, Sir, my question is on edible oil *vis-a-vis* the likely invasion of foreign multinational companies to enter this country. Sir, it is well known to everyone of us that edible oil is a common item of consumption like the common salt. I am thankful to the hon. Minister of Agriculture that they have indicated to safeguard the interests of the oilseeds growers. But the oilseeds growers sell their oilseeds to the village or rural or cottage mills where the oil is manufactured or produced by hand machine, hand grinding machines and there is a community of packers.

†The question was actually asked on the floor of the House by Dr. M. N. Das.

Now, the answer of the Minister says that already Foreign Direct Investment...

MR. CHAIRMAN: Dr. Das, please put your question.

DR. M.N. DAS: Yes, Sir. They have already allowed the Foreign Direct Investment in the edible oil manufacturing sector and Rs. 225 crores have already been invested. My question is: What will happen to those mill men who are preparing oil in their cottage industries or home industries?

SHRI V. SREENIVASA PRASAD: Sir, the question is very specific and my answer is also very specific. The question is: whether the foreign companies are keen in setting up of refineries and trading partnership in edible oils. Sir, my answer is, yes. Since 1991, the Foreign Investment Promotion Board has approved 38 proposals for Foreign Direct Investment, which are there for trading activities. Sir, already there are 1000 refineries in the country. The annual capacity is 102 lakh Metric Tonnes oil. By giving approval for FDI, the Foreign Direct Investment, in oil refineries, their capacity would be only three lakh Metric Tonnes of oil. Their capacity will be only three lakh Metric Tonnes oil which they will produce. It will not affect either our industry or the oilseeds growing farmers. We know the ground realities because domestic production is less than demand. Therefore, importing of oil is very, very inevitable. Considering the interests of growers, the consumers as well as the domestic industry, the Government is encouraging the Foreign Direct Investment for setting up refineries and trading activities, which would definitely not affect either the growers or the existing domestic industry. It will improve the Indian economy with the increasing foreign exchange.

DR. M. N. DAS: Sir, my second supplementary is this. Is the Government of India going to develop and improve the Indian industry and the Indian economy by making thousands of people unemployed?

SHRI V. SREENIVASA PRASAD: Sir, we have taken all these measures for the survival of our domestic industry.

DR. T. SUBBARAMI REDDY: Sir, my supplementary is: What efforts the Ministry is making to reduce the import of edible oil into the country? Today, we are losing thousands of crores of rupees of foreign exchange by importing edible oil. So, I would like to know from the hon. Minister as to what efforts his Ministry is making to improve the edible oil production in the country and reduce the import of edible oil into the country.

MR. CHAIRMAN: Question Hour is over.